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Yu Ming Investments Limited

(Incorporated in Hong Kong with limited liability)

Megaland Development Limited

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

Acquisition of Shares by Megaland Development Limited

**Possible Mandatory Conditional General Offer by
Yu Ming Investment Management Limited
on behalf of Megaland Development Limited
to acquire all the Shares in the issued share capital of Yu Ming Investments Limited
other than those already owned by Megaland Development Limited
and parties acting in concert with it**

Financial Adviser to Megaland Development Limited



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

THE ACQUISITION

On 3rd October, 2003, the Company was notified by the Offeror that it had agreed to acquire from Matignon and Comir SA for cash their entire interests in 87,821,000 Shares and 10,000,000 Shares respectively at HK\$0.30 per Share. Prior to the completion of the Acquisition, Matignon has a notifiable interest in the Company under the SFO.

The Acquisition is expected to be completed as soon as practicable after the trading in Shares resumes on the Stock Exchange. Immediately following the completion of the Acquisition, the Offeror and parties acting in concert with it would increase its beneficial interests in the Company from 34.96 per cent. to 40.75 per cent. of the total issued Shares and is therefore obliged under Rule 26.1 of the Code to make a mandatory conditional cash offer for all the issued Shares other than those already owned by it and parties acting in concert with it.

THE OFFER

Pursuant to the Code, Yu Ming Investment Management Limited will make the Offer, on behalf of the Offeror, to acquire all the Shares at HK\$0.30 per Share, other than those already owned by the Offeror and parties acting in concert with it.

THE OFFER PRICE

The price of HK\$0.30 per Offer Share represents (i) a discount of 3.23 per cent. to the closing price of the HK\$0.31 per Share as quoted on the Stock Exchange on 3rd October, 2003, being the last trading day before the announcement of the Offer; (ii) a discount of approximately 0.66 per cent. to the average closing price of HK\$0.302 per Share for the period of 10 trading days ended 3rd October, 2003; and (iii) a discount of approximately 28.57 per cent. to the latest published unaudited consolidated net asset value per Share of approximately HK\$0.42 as at 30th September, 2003.

As at the date of this announcement, there are no outstanding rights to acquire Shares in the Company. Therefore the Offer will not be extended to holders of rights to subscribe for Shares.

CONDITION OF THE OFFER

Once the Offer is made after the completion of the Acquisition, it will only be subject to and conditional upon the Offeror having received acceptances in respect of Shares which, together with Shares held or acquired or agreed to be acquired before or during the Offer, will result in the Offeror and persons acting in concert with it holding more than 50 per cent. of the voting rights of the Company.

THE OFFEROR

The Offeror is a private company incorporated in the British Virgin Islands with limited liability. The Offeror is wholly owned by Oyster Services Limited, the trustee of Oyster Unit Trust, the ultimate beneficiaries of which are, inter alia, children of Mr. Fung Wing Cheung, Tony, the chairman and an executive Director of the Company.

Prior to the Acquisition, the Offeror and parties acting in concert with it are interested in approximately 34.96 per cent. of all the issued Shares and have not dealt in any Shares other than the Acquisition within the six months prior to 3rd October, 2003, the date on which the agreement of the Acquisition was entered into. The Offeror and/or parties acting in concert with it are not interested in any rights to acquire Shares.

GENERAL

The Offer Document will be despatched to the Shareholders, setting out the terms and other details of the Offer, together with acceptance and transfer forms and the advice from the independent board committee and the independent financial adviser, within 21 days from the date of this announcement.

Investors and Shareholders should note that completion of the Acquisition may or may not take place and the obligation for the Offer may or may not be triggered. Investors and Shareholders should note that the Offer may or may not become unconditional and therefore should trade in the Shares with caution.

Trading in the Shares was suspended with effect at 9:37 a.m. on 6th October, 2003. Resumption of trading is expected at 9:30 a.m. on 5th November, 2003.

THE ACQUISITION

On 3rd October, 2003, the Company was notified by the Offeror that it had agreed to acquire from Matignon and Comir SA, their entire interests in 87,821,000 Shares and 10,000,000 Shares respectively at HK\$0.30 per Share. Immediately prior to the completion of its disposal of Shares under the Acquisition, Matignon has a notifiable interest under the SFO holding 5.19 per cent. of the issued Shares, while Comir SA is an independent investor holding 0.59 per cent. of issued Shares.

Prior to the Acquisition, the Offeror and parties acting in concert with it are interested in 34.96 per cent. of the issued Shares. Subsequent to the completion of the Acquisition, the Offeror and parties acting in concert with it will be interested in approximately 40.75 per cent. of the issued Shares. Pursuant to Rule 26.1, the Offeror is required to make a general offer for the issued Shares not already owned by it or parties acting in concert with it.

The Acquisition is unconditional and is only subject to completion. Completion of the Acquisition is expected to take place as soon as trading in Shares resume on the Stock Exchange on 9:30 a.m., 5th November, 2003. An announcement will be made following the completion of the Acquisition.

THE OFFER

The Offer will be made in compliance with the Code and on the following basis:

For each Share HK\$0.30 in cash

As at the date of this announcement, there are no outstanding rights to subscribe for Shares. Therefore the Offer will not be extended to holders of rights to subscribe for Shares. No person has any arrangement referred to in the third paragraph of note 8 to Rule 22 of the Code with the Offeror or parties acting in concert with it, nor are there any arrangements in relation to the Shares which are material to the Offer. None of the Offeror or any parties acting in concert with it has any interests in any convertible securities, derivatives, warrants or options in the Company.

The Offer Price

The Offer Price of HK\$0.30 per Share represents (i) a discount of approximately 3.23 per cent. to the closing price of HK\$0.31 per Share on 3rd October, 2003, being the last trading day prior to the date of this announcement, and the date on which the agreement in relation to the Acquisition was entered into. The Acquisition is expected to be completed as soon as practicable after trading in Shares resumes on the Stock Exchange. Once the Acquisition is completed, the obligation to make the Offer under the Code will be triggered; and (ii) a discount of approximately 0.66 per cent. to the average closing price of HK\$0.302 per Share for the period of 10 trading days ended 3rd October, 2003; (iii) a discount of approximately 28.57 per cent. to the latest published unaudited consolidated net asset value per Share of approximately HK\$0.42 as at 30th September, 2003; and (iv) a discount of 25 per cent. to the unaudited consolidated net asset value per Share of approximately HK\$0.40 as at 30th June, 2003, the date of the latest published financial statements of the Company.

The Offer Price is equal to the sale price of the Sale Share.

Condition of the Offer

Once the Offer is made after the Completion of the Offer, it will only be subject to and conditional upon the Offeror having received acceptances in respect of Shares which, together with Shares held or acquired or agreed to be acquired by it and persons acting in concert with it before or during the Offer, will result in the Offeror and persons acting in concert with it holding more than 50 per cent. of the voting rights of the Company.

The Offeror and its Interest in the Shares

The Offeror is a private company incorporated in the British Virgin Islands with limited liability. The Offeror is wholly owned by Oyster Services Limited, the trustee of Oyster Unit Trust, the ultimate beneficiaries of which are, inter alia, children of Mr. Fung Wing Cheung, Tony, the chairman and an executive Director of the Company. The sole director of the Offeror is Mr. Fung Wing Cheung, Tony.

As at the date of this announcement, the Offeror and parties acting in concert with it are interested in approximately 34.96 per cent. of the issued Shares. The Offeror and/or parties acting in concert with it has no interest or options in or rights to acquire any Shares, and has not dealt in any Shares within the six months prior to 3rd October, 2003 other than the Acquisition.

The Offeror has not received any irrevocable commitment to accept or reject the Offer.

Shareholding of the Company

Name	Number of Shares held immediately before the Acquisition	% of issued Shares	Number of Shares held immediately after the Acquisition	% of issued Shares
The Offeror and parties acting in concert with it	591,353,258	34.96	689,174,258	40.75
Sun Hung Kai	361,151,800	21.53	361,151,800	21.53
Continental Mariner Investment Company Limited	119,380,000	7.06	119,380,000	7.06
Matignon	87,821,000	5.19	–	–
Directors	2,850,000	0.17	2,850,000	0.17
Public	528,615,931	31.26	518,615,931	30.66
Total	<u>1,691,171,989</u>	<u>100.00</u>	<u>1,691,171,989</u>	<u>100.00</u>

Total Consideration

As at the date of this announcement the total number of issued Shares is 1,691,171,989. Shareholders other than the Offeror and parties acting in concert with it hold 1,001,997,731 Shares. In the event that they all accept the Offer, the total consideration of the Offer will be approximately HK\$300,599,319 based on the Offer Price of HK\$0.30 per Share. Yu Ming Investment Management Limited, which is owned as to 75 per cent. by Mr. Tony Fung and 25 per cent. by Mr. Peter Fung, is engaged by the Offeror as its financial adviser in respect of the Offer and to make the Offer on behalf of the Offeror. Yu Ming Investment Management Limited is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptance of the Offer.

Terms of the Offer

The Shares will be acquired free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights of any nature and together with all rights attaching to them, including the right to received in full all dividends and other distributions, if any, declared, made or paid on or after the date of this announcement.

Payment

Payment in cash in respect of acceptances of the Offer will be made by the Offeror to the Shareholders accepting the Offer as soon as possible but in any event within ten days of the later of the date on which the Offer becomes or is declared unconditional and the date of receipt of a duly completed acceptance.

Stamp Duty

Sellers' ad valorem stamp duty for the Shares registered on the Hong Kong branch register arising in connection with acceptances of the Offer will be payable by each Shareholder at the rate of HK\$1 for every HK\$1,000 or part thereof of the consideration payable by the Offeror for such Shareholder's Shares and will be deducted from the cash amount due to such Shareholder under the Offer. The amount so deducted will be applied in the payment of the sellers' ad valorem stamp duty by the Offeror.

OFFEROR'S INTENTION IN RELATION TO THE COMPANY

The director of the Offeror does not intend to make any change to the existing business of the Group, the Board or its management. The business of the Company shall remain investments in listed and unlisted securities. The Offeror has no intention to inject any assets into the Company.

CONTINUATION OF LISTING OF THE COMPANY

The Company is listed on the Stock Exchange since 21st December, 1990. It is the intention of the director of the Offeror and the Company that the listing of the Shares on the Stock Exchange should be maintained and appropriate steps will be taken by the Offeror and the Company as soon as possible following the closing of the Offer to ensure that not less than 25 per cent. of the Shares will be held in public hands.

The Stock Exchange has indicated that if, upon closing of the Offer, less than 25 per cent. of the issued share capital of the Company is held in public hands or if the Stock Exchange believes that a false market exists or may exist in the trading of Shares or there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

The Stock Exchange has also stated that it will closely monitor all future acquisitions or disposals of assets by the Company. If the Company remains listed on the Stock Exchange, any acquisitions or disposals of assets by the Group will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has discretion to require the Company to issue a circular to the Shareholders irrespective of the size of the proposed acquisitions and disposals of assets by the Group represent a departure from the principal activities of the Group. The Stock Exchange has the power to aggregate a series of acquisitions and disposals of assets by the Group and any such acquisitions and disposals of assets may result in the Company being treated as if it were a new listing applicant and subject to the requirements for new listing application as set out in the Listing Rules.

GENERAL

An independent board committee comprising the independent non-executive Directors will be appointed to consider the Offer and an independent financial adviser will be appointed to advise the independent board committee in respect of the Offer. The Offer Document containing, inter alia, information on the Company and the Offeror, the recommendation of the independent board committee and its independent financial adviser in respect of the Offer and acceptance and transfer forms, will be sent to the Shareholder as soon as possible in accordance with the Code. An announcement will be made once the independent financial adviser is appointed.

Investors and Shareholders should note that completion of the Acquisition may or may not take place and the obligation for the Offer may or may not be triggered. Investors and Shareholders should note that the Offer may or may not become unconditional and therefore should trade in the Shares with caution.

Trading in the Shares was suspended on the Stock Exchange with effect from 9:37 a.m. on 6th October, 2003. The Company has made an application for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 5th November, 2003.

DEFINITIONS

In this announcement the terms set out below are used with the meanings set opposite them.

“Acquisition”	the acquisition by the Offeror of 87,821,000 Shares from Matignon and 10,000,000 Shares from Comir SA, which is expected to complete as soon as practicable after the trading in Shares resumes on the Stock Exchange
“Board”	the board of Directors of the Company
“Code”	the Code on Takeovers and Mergers
“Company”	Yu Ming Investments Limited, a company incorporated in Hong Kong with limited liability and listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Matignon”	FCPR Matignon Investissements, a Shareholder of the Company holding a notifiable interest as defined in the SFO

“Offer”	the possible mandatory conditional cash offer by the Offeror to acquire all the Shares other than those already owned or agreed to be acquired by the Offeror or parties acting in concert with it
“Offer Document”	the composite offer document (with the form of acceptance and transfer in respect of the Offer) to be issued by the Offeror and the Company to the Shareholders pursuant to the Code
“Offer Price”	HK\$0.30 per Share
“Offeror”	Megaland Development Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Oyster Services Limited, the trustee of Oyster Unit Trust, the ultimate beneficiaries of which are, inter alia, children of Mr. Fung Wing Cheung, Tony, the chairman and an executive Director of the Company
“Sale Share”	a total of 97,821,000 Shares, representing 5.78 per cent. of the total issued Shares, agreed to be sold by Matignon and Comir SA to the Offeror
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Hung Kai”	Sun Hung Kai & Co., Limited a company listed on the Stock Exchange and a substantial Shareholder interested in approximately 21.53 per cent. issued Shares in the Company

By Order of the Board
MEGALAND DEVELOPMENT LIMITED
Fung Wing Cheung, Tony
Sole Director

By Order of the Board
YU MING INVESTMENTS LIMITED
Fung Yiu Fai, Peter
Managing Director

Hong Kong, 4th November, 2003

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement other than that relating to the Company and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement other than those relating to the Company have been arrived at after due and careful consideration and there are no other facts other than those relating to the Company not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of the Company, except Mr. Xie Da Tong who was out of Hong Kong and could not be contacted prior to the publication of this announcement, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement relating to the Company have been arrived at after due and careful consideration and there are no other facts relating to the Company not contained in this announcement, the omission of which would make any statements in this announcement misleading.

Please also refer to the published version of this announcement in The Standard.